Message

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Sent:	12/5/2017 7:33:25 PM
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Subject:	Play Payment Policy -- Carrier Plan

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Zahavah, Richard, Mike, Tia --

Tl;dr
Play's payment policy update (targeted for Q1'18) will impact carrier apps. We propose that qualifying carriers apps migrate to Google Play Billing (GPB). We'd like your input.

Context
As discussed, Play is moving towards a payment policy update to remove ambiguity around our requirement that developers must use GPB when selling digital goods / services in-app. Our target launch is Q1 2018 (date TBD). We're talking to several major app developers about this change.

We haven't approached carriers yet, as we want to align with you + Jamie first. Please see below a summary proposal. **Ask:** Could you please provide initial feedback by end of this week?

Carrier Proposal Summary
Play Payment Policy Requirement

- Play's updated policy will state explicitly that developers must use GPB, exclusively, if app is (1) Play-distributed and (2) accepts payment for access to features, such as functionality, content, goods or services. **Note that (1) includes pre-installed apps which are subsequently updated / managed by Play.** So, if carrier pre-installs an app, but uses Play for updates, that app is within bounds of our policy.

Carrier Impact

- **Core requirement**: Qualifying carrier 1P apps must use GPB. This includes video, music, and other apps which sell digital goods / services in-app. We feel transitioning these apps to GPB is core, in part, to ensure consistency across developers -- we're telling Spotify and Deezer they must use GPB; it'll be hard to explain why carrier X music app doesn't have to use GPB.
- **2 key implications for carriers:** (1) carriers must migrate qualifying apps to GPB, and (2) Play takes rev share on user payments within those apps. These will matter more to some carriers than others -- I imagine Docomo and AT&T (DirecTV) will care more about this.
- **Potential Google Gives:** <u>If necessary</u>, perhaps we can find ways to alleviate implication (2), via reduced rev share take. This could take a few forms:
    - **Apply LRAP / ADAP** (15% rev share take from Play, vs 30%) on carriers' video + music apps
    - **Return some portion of Play's rev share take to carriers via MDF**. We have precedent for this in our Jio agreement (although Jamie felt that agreement was unorthodox)
    - **Prioritize DCB within GPB payment UI.** Maybe we make DCB the priority / only payment option within GPB for carrier apps. That way, carriers keep more revenue. However, this reduces FOP choices for users. We'd also need Product to build this feature.

- **Potential Google Gets:** If we provide any gives listed above, what would we want to ask for in return? I know we have several other strategic priorities with carriers.

- **Program Structure:** I think we'd generally prefer to avoid one-off agreements with numerous carriers (though we may need a couple, a la Jio). What do you recommend our starting point for discussions with carriers be? Do we formalize gives and gets into a carrier program and share with carriers first, or do we let carriers know about the policy update, without mentioning any potential gives (aside from LRAP / ADAP), and see what they come back with?

Next Steps

1. Gain alignment on plan with Carrier BD + Jamie
2. Identify most impacted carriers and qualifying apps. I can help with this.
3. Initiate outreach to carriers

Samer